Crowdfunding
Legal Framework Overview
Crowdfunding Legal Framework Overview

- What does the current legislation landscape look like in the most important crowdfunding markets?
- What are the upcoming legislative updates and how does the outlook for the future look like?

Crowdfunding has become more and more popular over the last years, being an extremely disruptive and revolutionary financing option for projects that are unable to access traditional financing methods. However, as with every fintech innovation, the legislation was not so quick to catch up. That led each crowdfunding market to have its own investment frameworks, some more proactive than others, creating a not-so-homogeneous landscape for potential investors.

Thus, which are the similarities and differences among the most prominent crowdfunding jurisdictions? Is there any way that we will ever establish a convergence of all these legislative frameworks? How does the future for cross-border transactions looks like?

Solarplaza asked legal experts from five prominent law firms and one European affairs consulting firm to put together reports from their jurisdictions, and the result is an compact, yet impressive report of the crowdfunding legal frameworks across the most important crowdfunding markets in the world right now.

Cleantech Law Partners is a full-service law firm dedicated exclusively to the unique legal and policy needs of renewable energy project developers and cleantech companies. CLP’s legal team has extensive knowledge of the clean technology industry and experience guiding clients through a variety of alternative energy projects. Cleantech Law Partners represents project developers, investors, manufacturers, and entrepreneurs.

Eversheds operates at the leading edge of business. Recognised by Acritas as a Global Elite Law Firm, the firm regularly advises on billion dollar deals and high profile cases on behalf of the world’s most powerful corporations and financial institutions. The firm is unique in its multi-jurisdictional project management approach and commitment to seamless service delivery across its 50+ offices. Eversheds’ lawyers provide top quality legal advice whether they are operating locally or across borders from our bases in Europe, the Middle East, Asia and Africa.

Kramer Levin Naftalis & Frankel LLP is a premier full-service law firm with offices in New York, Paris and Silicon Valley, including a full range of advisory, transactional and litigation services. The firm’s strengths include multidisciplinary and complementary teams and strong, hands-on involvement of the partners. The firm has deep expertise in alternative finance, crowdsourced funding and FinTech.

Osborne Clarke provides insightful and effective legal services to meet its clients’ advisory, litigation and transactional needs. The firm helps its clients gain competitive advantage in an international business environment that is reshaping to meet new digital, economic, environmental and political challenges. Osborne Clarke’s advice is framed by its deep knowledge of its clients’ industries and its international reach - the firm has a presence across Europe and in the US. Within its core sectors, its clients range from market leaders to fast-growth companies.

Hogan Lovells offers extensive experience and insights gained from working in some of the world’s most complex legal environments and markets for corporations, financial institutions and governments. Hogan Lovells helps its clients identify and mitigate risk and make the most of opportunities. The firm’s 2,500 lawyers on six continents provide practical legal solutions wherever your work takes you.

Eupportunity is the first Portuguese consultancy company to specialise in European affairs. Our team has a broad range of experience in European policies and affairs, European law, European programmes and communication.
by Jack Jacobs, Managing Partner, Cleantech Law Partners

In the United States, the Securities and Exchange Commission (SEC) regulates intrastate equity crowdfunding offerings under the Securities Act of 1933, and a variety of state and federal regulations. The Act states that any offer to sell securities must be registered with the SEC or meet certain exemptions to registration. As a result, the SEC considers any public intrastate offering as either registered, exempt (e.g., offered only to certain high net worth investors), or illegal.

Because the regular registration process is a very timely and costly, it has historically only been a realistic option for big companies raising large sums of capital from retail and institutional investors. Smaller offerors typically sought an exemption to registration under Regulation D.

As a result, non-equity crowdfunding (also known as “donation crowdfunding) is legal in the US if money is raised for a project in exchange for a product or appreciation (as in the case of Kickstarter or Indiegogo). If, however, a company offers equity in exchange for an investment from investors in multiple states, then the SEC requires registration or an exemption.

In 2012, Congress passed the JOBS Act, which was intended facilitate smaller investments by authorizing equity crowdfunding, allowing general solicitations to certain high net worth investors. In July 2013, the SEC issued new rules to allow general solicitation, but has yet to issue rules authorizing crowdfunding (although it is expected to issue these rules in the fall of 2015).

In the wake of SEC inaction on equity crowdfunding, several states have passed legislation allowing equity crowdfunding offerings to state residents. While these have proven to be an effective financing tool for some local companies, state offerings are limited because the offeror has a smaller crowd from which to receive investments.

It is anticipated that once the SEC issues the crowdfunding rules required by the JOBS Act equity crowdfunding will become a promising means of raising capital for new ventures and existing businesses.

Crowdfunding is regulated by the Financial Conduct Authority (“FCA”) in the UK where it involves activity that falls within the scope of the legal framework provided for by the Financial Services and Markets Act 2000 (“FSMA”).

In particular, crowdfunding is regulated where it involves the carrying on of a ‘regulated activity’ for the purposes of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the “RAO”) or where there is communication of a financial promotion for the purposes of section 21 of FSMA.

It should be noted that the following types of crowdfunding are most likely to fall outside the FCA’s regulatory remit and the legal framework.
provided for by FSMA:

- Donation-based crowdfunding;
- Pre-payment or rewards based crowdfunding; and
- Exempt schemes (where there is investment or lending using organisations or investments that satisfy requirements in statutory exemptions such as Enterprise Schemes or withdrawable shares issued by Provident Societies).

**Investment-based crowdfunding**

Investment-based crowdfunding is where investments are made, directly or indirectly, into new or established businesses through buying shares or debt securities or units in a collective investment schemes on crowdfunding platforms. Investment-based crowdfunding is subject to FCA regulation to the extent that it most likely involves the carrying on of one the following regulated activities:

- arranging deals in specified investments;
- agreeing to carry on a regulated activity;
- establishing, operating or winding up of an unregulated collective investment scheme.

As such, firms operating investment-based crowdfunding platforms are required to be authorised by the FCA unless an exemption is available.

**Non-readily realisable securities**

On 1 April 2014, the FCA introduced new rules that apply to the distribution of “non-readily realisable securities”, which includes through their distribution through crowdfunding platforms. Non-readily realisable securities are securities that are not: (i) readily realisable securities, (ii) non-mainstream pooled investments (“NMPIs”), or (iii) packaged products. The FCA’s rules require firms promoting non-readily realisable securities to communicate direct offer financial promotions only to the following types of investor:

- professional clients;
- retail clients who are advised;
- retail clients classified as corporate finance contacts or venture capital contacts;
- retail clients certified as sophisticated or high net worth; or
- retail clients who confirm that they will not invest more than 10% of their net investible assets in these products. Where no advice has been provided to retail clients firms are required to apply an appropriateness test to check that clients have the knowledge or experience to understand the risks involved.

It should be noted that whilst not falling within the definition of non-readily realisable securities, packaged products and NMPIs can be distributed through crowdfunding platforms. There is an established regime in the UK that applies to packaged products and also regulatory restrictions applicable to the promotion of NMPIs (including unregulated collective investment schemes).

**Loan-based crowdfunding**

From 1 April 2014 regulation of the consumer credit market transferred to the FCA, including responsibility for regulating loan-based crowdfunding. Loan-based crowdfunding is where platforms are operated to facilitate lending either between two consumers (‘Peer-to-Peer’ or ‘P2P’) or between consumers and businesses (‘Peer-to-Business’ or ‘P2B’). Such agreements are known as article 36H agreements and there are a number of regulated activities relating to them.

In particular, the FCA has introduced the new regulated activity of operating an electronic system in relation to lending. This is where a firm operates an electronic system which enables
them to facilitate persons entering into article 36H agreements. As such, firm operating loan-based crowdfunding platforms are required to be authorised by the FCA[1].

Unlike the rules relating to investment based crowdfunding which focus on restricted categories of investor, the rules that the FCA has introduced in relation to loan-based crowdfunding focus on providing investors with access to clear information. This is so that consumers interested in lending to individuals or businesses can assess the risks and understand who they are lending to.

Firms involved in loan-based crowdfunding are subject to the application of the FCA’s core consumer protection provisions, including its conduct of business rules, client money protection and minimum capital requirements. Firms operating loan-based crowdfunding platforms are also required to have resolution plans in place that mean, in the event of the platform collapsing, loan repayments will continue to be collected so those lending money do not lose out.

Future outlook on the evolution of the UK crowdfunding laws

The FCA carried out a review of the regulatory regime for crowdfunding and the promotion of non-readily realisable securities by other media in February 2015. The FCA’s review looked at the implementation of the rules introduced in April 2014 and the FCA concluded that, whilst recognising that it was still early, there was no need to change the regulatory approach adopted for crowdfunding, either to strengthen consumer protections or to relax the requirements that apply to firms. The FCA is carrying out a full post-implementation review of the crowdfunding market and regulatory framework in 2016 to identify whether changes are required at that stage.

Recent updates

The FCA recently published a call for input on competition in the mortgage sector. In relation to looking at access to mortgage funding as a barrier to entry and competition in the UK mortgage lending industry, the FCA stated that it had a particular interest in the scope for newer types of funding models such as crowdfunding to overcome the constraints potentially imposed by other (more traditional) funding models. The FCA’s interest can be seen as a sign of support for alternative forms of funding such as crowdfunding.

[1] Or where relevant an interim permission pending application for full authorisation.

FRANCE

by Reid Feldman, Partner/Avocat à la Cour, Kramer Levin Naftalis & Frankel LLP; Hubert de Vauplane, Partner/Avocat à la Cour, Kramer Levin Naftalis & Frankel LLP

Background

Although the European regulatory scheme insures some harmonization of the legal environment for finance throughout the European Economic Area (31 countries in all), including “passporting” of most regulated entities, country-specific rules are still important, particularly for crowdfunding and other forms of alternative finance.

In France the so-called “banking monopoly” prohibits anyone other than a licensed EEA bank (établissement de crédit) or certain other regulated entities including finance companies (sociétés de financement) from “habitually”
extending interest-bearing loans in France, and courts have considered that the prohibition applies to the purchase and direct holding of all or any portion of unmatured bank loans (although arguably the prohibition does not apply to the purchase of indirect participations in such a bank loan, if signed outside France, with funds transferred outside France).

**New regulatory regime**

A new French regulatory regime for crowdfunding came into force in October 2014, which allows internet platforms to arrange up to €1 million in financing for businesses, via either loans (funded by individuals only) or issuance of securities. Internet platforms arranging loans must register with French authorities as a “crowd-financing intermediary” (intermédiaire en financement participatif or IFP) while those arranging securities offerings must obtain a license as a “crowd-sourced investment advisor” (conseil en investissement participatif or CIP) or hold a license as a financial services provider (prestataire de services d’investissement or PSI). Crowdfunding via donations can take place without complying with the new regulatory regime, but donation-based sites have the option of becoming an IFP. Crowdfunding sites registered or licensed as an IFP, a CIP or a PSI can use an officially sanctioned label (with a sketch of one well recognized French symbol, the “Marianne”).

**The new regime for crowdlending**

Rules applicable to an intermédiaire en financement participatif (IFP) include the following:

- Eligible borrowers are restricted to legal entities and individuals acting in a professional capacity (and those borrowing to finance professional training)
- Loans to businesses are permitted only for financing a “project” (purchase of goods and services for an operation predefined in terms of purpose, amount and timetable) at a fixed rate (within usury limits) for a maximum duration of seven years and up to €1M maximum per borrower.
- Eligible lenders are restricted to individuals acting outside their professional activities.
- Maximum loan is €1,000 per lender per project.
- The IFP cannot have any other activities than the following: credit institution, finance company, payment establishment (EP) or electronic money establishment (and in these cases, insurance intermediary); agent of EP; or CIP.
- Payments must not transit via the IFP, unless it obtains the status of payment establishment which is available with reduced regulatory requirements: a license from the ACPR; capital €40K (which allows handling of an average of up to €3M per month in payments) or agent of payment establishment.
- Obligations of the IFP include compliance with rules of good conduct (including supply of information and documents and follow-up of the project to its term); use of a tool for determining the financial capacity of lenders; use of selection criteria; providing a description of the project by an appropriate notice; providing a model contract; back-up for management of the IFP’s obligations to their conclusion by a payment services provider (PSP) or agent thereof.

Crowdsourced-lending outside the new regulatory regime is currently being carried out on internet sites which organize the funding of SMEs via commercial paper (bons de caisse), which offers an opportunity for funding by legal entities. However, new regulation in this area is expected in late 2015 or early 2016. Another possible avenue of financing is profit-participating loans for certain borrowers, including commercial businesses; in such cases authorized lenders can include commercial companies (as well as certain banks and other institutions).

Also note that securitization vehicles
(organisations de titrisation or OT) can allow a fund manager to assemble portfolios of loans or receivables funded by investors. An OT can be organized as either a securitization fund (fond commun de titrisation or FCT) or a (société de titrisation or ST). An OT is an alternative investment fund (AIF), not itself subject to licensing, but must be managed by a regulated management company (société de gestion) and its assets must be held by a licensed custodian (dépositaire).

**The new regime for crowdfunding by issuance of securities**

Rules applicable to a conseiller en investissement participatif (CIP) include the following:
- Issuers can include businesses organized as a société anonyme (SA) or société par action simplifiée (SAS) with two years of approved accounts (or certification from statutory auditor), or certain kinds of sociétés à responsabilité limitée (SARL).
- Securities that can be issued include common shares or fixed-rate debt instruments, up to a maximum of €1M maximum per issuer during a 12-month period.
- Investors can include individuals and legal entities.
- Payments must not transit via the CIP.
- The licensing procedure for a CIP currently review of the application carried out by the Autorité des Marchés Financier (the AMF, the French securities regulator).
- The CIP cannot have any other activities than the following: IFP (without payment services); advice to businesses relating to capital structure; handling share subscription forms.
- Obligations of the CIP include compliance with rules of good conduct rules (key words: fairness, equitable, skill, care, diligence, efficiency, warning, appropriate offer) and maintaining for its operations sufficient dedicated resources and appropriate procedures.

A site organizing crowdfunding by issuance of securities can also be run by an investment service provider (prestataire de service d’investissement, i.e. PSI, licensed by the ACPR, and having a minimum capital of €125K if funds are received from the public, otherwise €50K).

Securities-based crowdfunding without a prospectus is possible outside the new regulatory regime, under longstanding public-placement rules, if:
- the total amount issued in the UE is below €100K (over 12 months);
- the offer is addressed to qualified investors acting for their own account;
- the offer is addressed to a restricted circle of investors (fewer than 150 persons in France);
- the total amount of equity securities issued (over 12 months) does not exceed 50% of the issuer’s pre-issue capital or €5M (€2.5M if the securities are listed on a multilateral trading facility – MTF); or
- the securities issued have a face amount of at least €100K per security or are subscribed in lots of at least €100K per investor.

Disclaimer: This paper gives only a brief summary of relevant French law and should not be considered as legal advice regarding specific transactions or matters.

**Germany**

**by Tanja Aschenbeck, Partner, Osborne Clarke Germany; Thorge Drefke, Associate, Osborne Clarke Germany**

Currently, Crowdfunding in Germany must challenge significant regulatory changes due to the German Retail Investor’s Protection Act (Kleinanlegerschutzgesetz – KASG) which entered into force on 10 July 2015. The
KASG – especially but not limited to – affects Crowdfunding as well as all types of investment products (Vermögensanlagen).

With the new regulation the scope of the Investment Products Act (Vermögensanlagengesetz – VermAnlG) was extended. Unlike before profit-participating loans (partiarische Darlehen), subordinated loans (Nachrangdarlehen) as well as other economically comparable investments (wirtschaftlich vergleichbare Vermögensanlagen) are now considered as investment products under the VermAnlG. As a result almost every investment offer on Crowdfunding platforms generally is governed by the obligation to publish a prospectus.

In order to keep this increasingly popular method as an opportunity for both, (retail) investors and start-ups/projects entities, the legislator introduced the so-called “Crowdfunding-Exception” which excludes Crowdfunding from most requirements of the VermAnlG, especially the duty to publish a prospectus. However, the Crowdfunding-Exception is only applicable if the following conditions are met:

- only applicable when offering profit participating loans (partiarische Darlehen), subordinated loans (Nachrangdarlehen) or commercially comparable investments (wirtschaftlich vergleichbare Anlagen);
- amount per project shall not exceed the threshold of EUR 2.5 million;
- total investment amount for each investor is limited to a maximum of EUR 10,000; if exceeding a threshold of EUR 1,000 investors must comply with further requirements, i.e. self-exploration on wealth or income;
- corporations (Kapitalgesellschaften) are not limited to the absolute maximum investment of EUR 10,000 per investor;
- Crowdfunding platforms need a licence under the German Trade, Commerce and Industry Regulation Act (Gewerbeordnung), under the German Banking Act (Kreditwesengesetz) or the German Securities Trading Act (Wertpapierhandelsgesetz).

In addition, the legislator prohibits the combination of the Crowdfunding Exception with other exceptions (Private Placement) under the VermAnlG (ban of combination – Kombinationsverbot). In practice, the unclear wording results in uncertainties which make parallel investments of professional investors and the Crowd difficult.

Regardless of the Crowdfunding Exception the start-up/project entity is obliged to publish a fact sheet (Vermögensanlagen-Informationsblatt – VIB) including essential information about the investment product. Unlike the first drafts of the new regulation it is now possible to electronically confirm the warning notice – a big relief for the internet focussed business Crowdfunding. Furthermore, there are strict rules for the marketing of investment products (Vermögensanlagen) - especially rules regarding duties to publish specific warning notices with any advertising.

NETHERLANDS

by Matthijs Bolkenstein, Partner, Eversheds NL

Introduction

In the Netherlands crowdfunding becomes more and more a serious and recognized alternative for bank financing. We see a trend in higher amounts and higher volumes of transactions.

The developments in the crowdfunding sector triggered the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, “AFM”) to publish guidelines on the regulatory implications of crowdfunding. Due to the fact that a specific set of tailored regulations
on crowdfunding is missing, the Dutch Secretary of Finance issued some preliminary thoughts on how to regulate crowdfunding in the future.

We will shortly elaborate on the current regulatory view on crowdfunding and will provide some proposals in relation to future regulation.

**Current legal framework**

Currently crowdfunding falls under the existing scope of the Dutch Financial Supervision Act (Wet op het financieel toezicht, “FSA”) and all parties involved in the crowdfunding process (borrower, lender and platform) could be subject to certain regulations.

Depending on how the crowdfunding is organized, meaning equity or loan based (or a combination) license obligations will apply. The most common qualifications for crowdfunding platforms are: intermediary (bemiddelaar), credit offeror (kredietverstrekker) or investment firm (beleggingsonderneming).

If certain conditions are met platforms can apply for an exemption with the AFM, which, if granted, allows them to operate without a license albeit under specific conditions (e.g. number of transactions, maximum investment threshold per investor, information and reporting obligations). The AFM keeps a register of licensed and exempted crowdfunding platforms.

It should be noted that in case of equity based crowdfunding besides license obligations for the platform also prospectus obligations apply for the issuer of the securities.

**Proposed changes in legislation**

In order to accommodate the crowdfunding industry on the one hand and to ensure proper supervision on the other hand, the Secretary of Finance issued a letter with proposed regulations on crowdfunding. These regulations should be implemented in the FSA and can be considered in addition to or for amendment of the existing regulation.

Although no formal legislative proposal has been submitted to parliament it is expected that in the near future the regulatory and legal landscape for crowdfunding in the Netherlands will change. The following regulations have been proposed by the Secretary of Finance:

- the exemption regime will become stricter and the requirements for being granted an exemption by introducing additional and/or more detailed requirements (including ongoing obligations);
- introduction of additional exemptions for e.g. borrowers;
- reconsidering investment thresholds.

In addition the Amendment financial markets Act 2016 (Wijzigingswet financiële markten 2016) introduces some new provisions that can affect the crowdfunding industry being (i) the introduction of an eligibility tests of directors of exempted crowdfunding platforms and (ii) and exemption on the ban on distribution (provisieverbod) for crowdfunding platform operating as an investment firm. Specifically the first amendment can have a serious impact on the industry because of the required relevant working experience, which for a lot of directors in the fintech and startup industry (which includes the crowdfunding industry) can be a challenging requirement.

**ITALY**

by Roberto Culicchi, Head of Equity Capital Markets, Hogan Lovells Studio Legale
Introduction

Back in 2013, in the midst of an enduring recession where traditional sources of funding have all but dried up, Italy became the first European country with a relatively complete regulation of crowdfunding. Indeed, on 14 July 2013, CONSOB (the Italian financial supervisory authority) published its Regulation on equity crowdfunding (the “Regulation”[2]). Hoping to emulate the prior successes in the US and Australia, the Regulation aimed to revitalise the Italian capital market. It facilitated the financing of companies with a very high risk profile and high-tech orientation and also regulates the on-line portals managers in order to reduce operational and legal risks. Since its entering into force, the Regulation received its share of criticism; the main obstacle was represented by the fact that the scope of activity of the Regulation was too narrow given that it referred only to innovative start-ups and to equity financial instruments. Because of such intrinsic limitations with the environment and regulations, the equity crowdfunding market has been slow to take off in Italy and therefore the Regulation has been recently amended to include innovative SMEs within its scope of activity.

According to the new Italian regulation (Law Decree No. 3 of 24th January 2015), also venture capital companies and undertakings for collective investment that invest in innovative start-ups or innovative SMEs are now allowed to raise capital on-line through equity crowdfunding. It was hoped that the Regulation will facilitate investments in the capital of innovative start-ups and innovative SMEs of retail investors, consistent with the goals of promotion of technological development and youth employment espoused by the legislator.

Unfortunately, the first results do not appear too encouraging. After more than one year the Regulation being in place, the market is overpopulated with “empty” platforms, while deal flow and number of investors remain low. Hopefully, CONSOB’s move aimed at reviewing the Regulation, expanding the possibility to raise capital through equity crowdfunding to other companies too, such as innovative SMEs, social enterprises and early stage investment funds, is going in the right direction. Crowdfunding is much broader than innovative start-ups only, and in Italy there may be a big market for targeting SMEs, real estate or infrastructure projects which could benefit from a more favourable legislative framework. Prior to have a definitive evaluation of the impact of the Regulation, some time shall pass and it is hoped that equity crowdfunding will eventually flourish in Italy as peer-to-peer lending and reward crowdfunding.

The analysis of impact

Although the Regulation still receives its share of criticism (among other things, the fact that, the Regulation provides for very strict parameters and a threshold of 1,000 euro for investment by retail investors, beyond which the bank is obliged to do a deep customer profiling to decide who may make an investment), for the moment one can hope that the Regulation provides some badly needed oxygen for this sector. Indeed, given the contraction of traditional financing, especially for SMEs, and the fact that venture capital and private equity have never really taken off in Italy, there is hope the Regulation has enabled a type of funding that will represent a valid alternative for innovative start-ups and innovative SMEs. Of course, for any real analysis of impact, we will need to wait for reaction by the market.

[2] The Regulation implemented Articles 50-quinques (Management of portals for the collection of capital for innovative start-ups) and 100-ter (Offers via portals for the collection of capital) of the Legislative Decree No. 58 of 24 February 1998 (the Consolidated Financial Act) as amended by the Law Decree No. 179 of 18 October 2012 as converted into Law No. 221 of 17 December 2012 (the “Growth Decree 2.0”).
EUROPE

Crowdfunding Regulation on a Europe-wide cross-border transactions basis
by Tomás Gonçalves da Costa, EU affairs consultant, Eupportunity (part of the CitizEnergy project)

The EU has been looking at innovative ways of diversifying funding mechanisms and crowdfunding ranks high among these. Like in other sectors of the Internal Market that are not entirely functional, the European Commission has adopted a cautious approach monitoring the crowdfunding market before trying to regulate it.

The European Commission took the first step in March 2014. The Commission’s Communication on Unleashing the potential of crowdfunding in the European Union recognises that crowdfunding has several advantages and is a promising source of funding to many different players.

The results of the public consultation that preceded the Communication indicate that there is still a long way for a functional internal market for financial-return platforms as only “38% of the platforms” that answered the consultation operate cross-border. The main concerns are “the lack of information” on the applicable rules and the “high costs of compliance with national regulations”.

The main barriers to cross-border crowdfunding platforms are the wide variety of national legislation that may apply to crowdfunding across Member States and, in some cases, Member States discretion when transposing EU Directives. Member States are also adopting very different regulatory solutions thus hampering the chances of a future harmonisation. For example, in some countries investment through crowdfunding is only allowed to fiscal residents.

A clear regulatory framework is essential for the development of crowdfunding. The Commission has given some steps, such as the mentioned Communication in 2014 and the set up of the European Crowdfunding Stakeholder Forum with the objective of supporting policy developments. These are clear signs that the Commission is following the crowdfunding market and assessing the way forward.

Moreover, in September 2015 the Commission published the Action Plan on Building a Capital Markets Union. Within the Action Plan, the Commission aims to “promote innovative forms of business financing such as crowdfunding”. The European Commission position is that a “premature regulation could hamper, not foster, the growth of this fast-growing and innovative funding channel”. The Commission strategy is to first assess national frameworks and identify best practices while monitoring the evolution of the sector. In the first quarter of 2016, an assessment report on crowdfunding will be published and the European Commission will decide what steps to take to regulate this market.

From the referred Commission’s Communications we can already predict some important aspects. The Commission has shown concerns for consumer protection and there are discussions on the creation of a European quality label. The Commission’s position is that a careful balance between investor protection and the growing of crowdfunding is needed. To continue growing, crowdfunding platforms will need a clear and sound regulatory framework that simultaneously reduce compliance costs to cross-border activities and enables a growing consumer trust in this new market. We expect to see more developments in 2016 and hope for a EU-wide harmonised market that creates more opportunities.
Crowdfunding went from hype to here to stay, providing a competitive source of capital to traditional financing. **Renewable Energy Crowdfunding** is the perfect match of democratic financing and democratic energy projects. With improved policy frameworks in the making and cross-border opportunities opening up, this industry is rapidly scaling up. To move the industry and your business forward, Solarplaza organizes the annual **Renewable Energy Crowdfunding Conference**, connecting 150+ investors, financiers, project developers and crowdfunding platforms from all over the world. This unique, indepth, high-level B2B conference will take place on 5 November 2015 at the Grand Connaught Rooms in London. We look forward to meeting you there!

### Why should you pay attention?

- Crowdfunding has cumulatively raised **$34.4 billion** worth of funds by 2015, meaning that they have more than doubled from 2014, when they reached $16.2 billion.
- This $34 billion **was raised in 6 years**, starting with ‘just’ $500 million in 2009.
- In 2015, North America’s crowdfunding volumes reached $9.46 billion, Asia’s reached $3.4 billion, and Europe’s $3.26 billion.
- There are already **more than 1250** active Crowdfunding Platforms (CFPs) worldwide, growing from 450 in 2014.
- Crowdfunding is **maturing and scaling up** in the renewable energy industry; the world’s largest crowdfunded solar project was launched by Abundance last November raising $4.9 million.
- Crowdfunding may supply rooftop solar projects with **$5 billion** of investments within five years, more than 50 times the amount raised to date.

### Why should you attend?

- Attend **THE international B2B information and networking platform** to completely focus on crowdfunding for renewable energy projects.
- **Learn** all about the developments, challenges, regulations, business cases and full potential of crowdfunding as it moves to a phase of maturity.
- **Connect** to investors, financiers, law firms and project developers.
- **Meet** with experts from the industry, like:
  - **Abundance**: Inventor of ‘democratic finance’ for renewables according to The Guardian
  - **Indiegogo**: the largest global crowdfunding & fundraising website online

### For more information about the conference programme and content, please contact:

**Danai Giannopoulou**  
Project Manager  
d.giannopoulou@solarplaza.com  
+31102809198

### More information & registration at: [www.recrowdfunding.eu](http://www.recrowdfunding.eu)
More than 55,000 solar PV professionals and businesses from all over the world rely on Solarplaza’s work every day. Our newsletters, articles, interviews, market and industry reports, combined with our world-class solar events, empower the global transition towards a sustainable energy future, where photovoltaic energy plays a key role.

Since 2004, Solarplaza has organised more than 70 business events in both established and emerging markets across the globe.

For more information and registration, please visit: www.recrowdfunding.eu